

Sabio Holdings Inc.

Management's Discussion & Analysis

For the three and twelve months ended December 31, 2024

Expressed in U.S. Dollars

All amounts herein are expressed in U.S. Dollars unless otherwise stated.

The Management's Discussion and Analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of Sabio Holdings Inc. ("Sabio" or the "Company") (formerly Spirit Banner II Capital Corp., hereafter referred to as "Spirit") as at and for the three and twelve months ended December 31, 2024. References in this MD&A to "us", "we" and "our" mean Sabio unless otherwise stated.

This analysis should be read in conjunction with Sabio's audited Consolidated Financial Statements for the years ended December 31, 2024, and December 31, 2023, and related notes (the "Consolidated Financial Statements"). The Consolidated Financial Statements and extracts of those Consolidated Financial Statements provided in this MD&A, were prepared in U.S. dollars and in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), using the accounting policies described therein. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. All amounts are presented in U.S. dollars unless otherwise indicated. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward-looking information. (Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A).

Management of the Company ("Management") is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made herein. The Company's Board of Directors ("Board of Directors") provides an oversight role with respect to all public financial disclosures by the Company and has reviewed this MD&A and the accompanying Consolidated Financial Statements.

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company, in accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), have both certified that they have reviewed the Consolidated Financial Statements and this MD&A (together, the "Annual Filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the Annual Filings do not contain any untrue statements of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Annual Filings; and (b) the Consolidated Financial Statements together with the other financial information included in the Annual Filings fairly present, in all material respects the financial condition, financial performance, and cash flows of the Company, as of the date of and for the periods presented in the Annual Filings.

Investors should be aware of the inherent limitations of certifying officers of a venture issuer to design and implement, on a cost-effective basis, appropriate Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109. Such limitations may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

This MD&A is dated and approved by the Board of Directors as of March 17, 2025.

Forward-Looking Statements

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as "may", "will", "intend", "anticipate", "believe", "expect", "foresee", "intend", "plan", or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current assumptions and expectations regarding future events.

Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of the revenues going forward, anticipated market trends and technology adoption by customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand, the benefits of the App Science™ platform, and the Company's ability to obtain the financing necessary to continue operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements.

By their nature, forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. These risks and uncertainties include, but are not limited to, the factors discussed in the "Risk Factors" section of this MD&A. Readers are cautioned not to place undue reliance on forward-looking information.

Non-IFRS Measures

The Company prepares its Consolidated Financial Statements in accordance with IFRS. Non-IFRS measures are used by management to provide additional insight into Sabio's performance and financial condition. The Company believes non-IFRS measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the Consolidated Financial Statements. This MD&A also includes certain measures which have not been prepared in accordance with IFRS, such as Adjusted EBITDA. To evaluate the Company's operating performance as a complement to results provided in accordance with IFRS, the term "Adjusted EBITDA", as defined by Management, refers to net income (loss) before adjusting earnings for finance costs, interest earned, transaction costs, gain or loss on loan forgiveness, income taxes, state and local taxes (recovery), stock-based compensation, amortization, gain or loss on lease modification, settlement fees, foreign exchange differences, severance costs, and gain (loss) on disposal of intangibles. Management believes that the items excluded from Adjusted EBITDA are not connected with and do not represent the operating performance of the Company.

Management believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, restructuring costs, other expense (income), and foreign exchange (gain) loss. Accordingly, Management believes that this measure may also be useful to investors in enhancing their understanding of the Company's operating performance. It is a key measure used by the Management and Board of Directors to understand and evaluate the Company's operating performance, to prepare annual budgets and to help develop operating plans.

Company Overview

Sabio was incorporated under the Business Corporations Act of Ontario, Canada on September 29, 2017. The registered corporate office is located at 150 King Street West, Suite 200, Toronto, Ontario, M5H 1J9. The corporate head office of the Company is located at 315 Culver Boulevard, Playa Del Rey, California, 90293.

Sabio is a leader in the fast-growing ad-tech space. Since 2015, the Company has enabled brands and their agencies to enhance advertising effectiveness on streaming TV and mobile apps. Sabio's core differentiation involves leveraging its continuously updated database of 80 million U.S. households with mobile and streaming TV device user data to precisely reach, engage and validate target audiences.

Sabio's customers include many of the most significant U.S. brands and advertising agencies. Led by a team of experienced ad-tech executives and media professionals, the Company employs more than 100 individuals across the U.S., Canada, India and the United Kingdom.

On November 19, 2021, Sabio successfully completed a reverse takeover transaction with Spirit, resulting in the acquisition of all securities of Spirit by Sabio's U.S.-based subsidiary, Sabio, Inc. The company was renamed "Sabio Holdings Inc." and began trading on the TSX Venture Exchange on November 26, 2021 under the ticker "SBIO" as a Tier 2 technology issuer.

Significant developments during the twelve months ended December 31, 2024, and to the date of this report include the following:

- On February 11, 2025, the Company announced that its App Science platform's household graph (a specialized database) now comprises 80 million households, representing 70% of all U.S. streaming households. This milestone highlights the platform's ability to track and analyze streaming TV audiences through a vast dataset that includes mobile devices, connected TVs, and other streaming platforms. The household graph is a privacy-compliant, continuously updated database that captures rich consumer behavior data while adhering to evolving regulatory standards, enabling advertisers to precisely target audience segments.

- On January 30, 2025, the Company launched Creator Television ("Creator TV"), its owned-and-operated Free Ad-Supported Television (FAST) channel. Creator TV spotlights multi-talented, diverse creators, bridging the gap between social media storytelling and today's streaming TV content. As part of this launch, global streaming media company, Plex, will distribute Creator TV internationally. Creator TV is pivotal to the Company's strategy to expand into large international markets such as India. On February 20, 2025, the Company announced a further partnership for the distribution of Creator TV with Sling TV, a leading streaming service and subsidiary of EchoStar Corporation.

- On December 19, 2024, 140,000 share options of the Company were granted to certain employees of the Company at an exercise price of CAD $0.455 and 50,000 restricted stock units ("RSUs") of the Company were granted to one employee of the Company at the grant-date fair-value of the Company's common shares of CAD $0.455. The options will vest quarterly from the grant date over a three-year vesting period. The RSUs will vest over three years with 1/3 vesting at the one-year anniversary of the grant and quarterly over the next two years.

- In December 2024, the Company forgave non-interest-bearing advances, receivable on demand, made to Aziz Rahimtoola, Sabio's CEO, totaling $935,567 ($787,107 as of December 31, 2023). This forgiveness was meant to acknowledge the three years in the 2019 -2021 period when Aziz Rahimtoola received irregular/ reduced compensation from the Company. It also recognizes his funding of the Company in its early stages and his stewardship of Sabio since going public. This forgiveness was approved by the Board of Directors. Aziz Rahimtoola is the Company's largest shareholder.

- During the fourth quarter of 2024, under the Normal Course Issuer Bid ("NCIB") accepted by the TSX Venture Exchange on March 26, 2024, the Company repurchased a total of 37,000 shares on the open market at prices ranging from CAD $0.42 to CAD $0.50 per share. The total cost of these purchases was CAD $17,815 ($12,763) and 31,500 shares were cancelled in December 2024 with the remaining 5,500 shares being cancelled on January 3, 2025.

- On October 18, 2024 ("Grant Date"), the Company granted 270,585 restricted share units ("RSUs") to certain independent directors to acquire an aggregate of 270,585 common shares in the capital of the Company, under the Company's Omnibus Equity Incentive Plan. The RSUs vest on the first anniversary of the Grant Date. These grants represent compensation to the independent directors for their service to the Company in 2024. The Company does not currently pay cash to its independent directors.

- On September 16, 2024, the Company appointed Matt Hull, Chief Data Analytics Officer at Chamberlain Group, a Blackstone portfolio company, as an independent member of the Board of Directors, replacing former Board member, Jennifer Cabalquinto. Mr. Hull possesses deep knowledge and experience in Artificial Intelligence ("AI") and data analytics. Prior to joining Chamberlain Group, Mr. Hull served as Senior Vice President of AI and Advanced Analytics at Comcast.

- In September 2024, under its NCIB program, the Company repurchased a total of 2,500 shares on the open market at prices ranging from CAD $0.425 to CAD $0.43 per share. The total cost of these purchases was CAD $1,080 ($796). The repurchased shares were canceled on October 2, 2024.

- On July 31, 2024, the Company closed on a new credit facility under the terms of a credit agreement between its U.S. operating subsidiaries—Sabio, Inc., AppScience, Inc. and FWD Tech Inc.—and SLR Digital Finance ("SLRDF"). This facility replaces the Company's existing credit facility with Avidbank and provides a $10 million senior-secured revolving credit facility at an interest rate of the greater of: (i) Prime rate plus 2.15%, or (ii) 8.5%. The facility has a three-year term and is secured against all of the Company's assets.

- On June 4, 2024, the Company granted 210,000 stock options under the Company's Omnibus Equity Incentive Plan to certain directors and officers of the Company to acquire an aggregate of 210,000 common shares in the capital of the Company. The Company does not currently pay cash to its independent directors.

- On April 22, 2024, Sabio's AppScience, Inc. subsidiary announced a multi-year renewal with Pivot Marketing Group. AppScience, Inc. will support Pivot's clients, including Toyota Motor North America, by leveraging the platform's AI and data analytics capabilities to reach, engage, and validate audiences and their behaviors at a deeper level than previously possible.

- On March 26, 2024, the TSX Venture Exchange accepted a notice filed by the Company to implement a Normal Course Issuer Bid, whereupon the Company may, during the 12-month period commencing April 2, 2024, and ending April 1, 2025, purchase up to 852,184 shares in total, being 5% of the total number of 17,043,687 shares outstanding as at March 19, 2024.

- On February 29, 2024, the Company announced a strategic collaboration with McDonald's USA through a partnership with Publicis Groupe (the world's second largest communications group). McDonald's will leverage Sabio's access to ad slots, customized audience segments and AppScience, Inc.'s proprietary 80 million household graph to connect with the growing multicultural audience in the U.S.

- On February 6, 2024, the Company appointed President of GroupM Multicultural Gonzalo Del Fa as an independent member of the Board of Directors. As President of GroupM Multicultural, Mr. Gonzalo Del Fa plays a key role in all aspects of multicultural marketing, diverse media, and inclusive investment efforts across GroupM, WPP's media investment group. In addition to his role at GroupM, he is the Past-Chairman of the Hispanic Marketing Council. Prior to joining GroupM, Mr. Gonzalo Del Fa worked at American Express Argentina, BBVA, Hachette Filipacchi, and Editorial Televisa.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The following table provides selected financial information for the Company's recent operations for the three and twelve months ended December 31, 2024, and 2023. This information should be read together with the Consolidated Financial Statements.

	For the three months ended		For the year ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	$	$	**$**	$
Revenues	**18,301,162**	12,671,038	**49,602,885**	35,954,934
By source:				
Mobile display	**3,572,801**	3,069,880	**10,211,003**	11,088,389
Ad-Supported Streaming	**14,506,931**	9,217,875	**38,579,203**	24,126,394
Other	**221,430**	383,283	**812,679**	740,151
Gross Profit	**11,286,755**	7,749,748	**30,627,389**	21,780,302
Adjusted EBITDA (1)	**2,843,977**	2,060,212	**3,832,162**	(1,816,631)
Gain (loss) from operations	**1,532,183**	1,450,725	**1,223,075**	(3,723,841)
Net gain (loss)	**1,194,528**	1,132,414	**(110,875)**	(4,764,536)

(1) As defined in "Non-IFRS Measures"

Revenue:

Sabio generates most of its revenue by delivering and measuring the performance of highly targeted ads on TV and mobile streaming devices for the world's top brands and advertising agencies. In addition, through its proprietary, end-to-end technology stack, its AppScience, Inc. subsidiary provides unique, ROI-focused analytics and insights to help its clients validate and optimize their ad spend. Sabio's supply-side platform ("SSP") leverages direct relationships with streaming platforms for both pricing and margin efficiency. This ecosystem also leads to a high reoccurring business model, as evidenced by Sabio's 90% reoccurring revenue rate in 2024[1]. Overall, Sabio tracks 110 million connected TV devices and 280 million mobile devices in 80 million validated U.S. households that use platforms such as Roku, Amazon Fire, Plex, Apple TV+, Samsung TV, Vizio and LG, amongst others, reaching approximately 70% of streaming households in the U.S.

Sabio sells to brands through their respective advertising agencies. Revenue from advertising is largely generated through video and display advertising delivered through ad impressions, which are typically sold on a cost-per-thousand (CPM) basis. Revenue is recognized as ad impressions are delivered. Revenue for AppScience, Inc. is generated via the sales of insights reports and brand study reports and licenses to use the App Science platform.

Three-month periods ended December 31, 2024 and 2023.

Consolidated revenues for the three months ended December 31, 2024, composed primarily of ad-supported streaming and mobile display sales, was $18,301,162, the highest quarterly revenues in Sabio's history. Driven by increased ad sales, this reflects an increase of $5,630,124, or 44%, from $12,671,038 for the three months ended

[1] *Excluding Sabio's new international business, Sabio London Limited, which generated its first material revenues in 2024.*

December 31, 2023. Political campaigns contributed approximately $2.4 million to fourth quarter revenues. Excluding sales to political campaigns, consolidated revenues grew by approximately 25% during the fourth quarter compared to the same quarter in the prior year. There were no revenues from political campaigns in the prior year's comparative period.

By segment, ad-supported streaming sales for the three months ended December 31, 2024, increased by 57%, or $5,289,056, to $14,506,931 from $9,217,875 for the three months ended December 31, 2023. This represents the highest quarterly ad-supported streaming revenues in Sabio's history. Normalized for political ad spending, ad-supported streaming sales grew by 32% from the prior year's fourth quarter, with increased sales across several verticals, including quick-service restaurants, entertainment and finance. Approximately 5% of Sabio's fourth quarter ad-supported streaming revenues came from its new international business, Sabio London Limited.

Over the course of 2024, the Company continued to gain market share in ad-supported streaming TV, which remains one of digital advertising's fastest-growing arenas. Notably, the sales model for streaming TV advertising offers inherent cost efficiencies versus mobile display advertising (where campaign parameters often require more customization). As Sabio's newly dominant sales category, ad-supported streaming TV represented 79% of its sales mix for the quarter, compared to 73% in the prior year's period. Sabio's rapid growth in this category reflects the Company's ability to leverage its proprietary data to deliver marketable insights in an increasingly fragmented media landscape – without the use of increasingly obsolete cookie-based tracking methods. These insights drive a more powerful connection to target audiences, helping brands and political advertisers effectively reach, engage and validate ("REV") audiences in a fragmented media ecosystem. In Management's view, Sabio's ability to reach increasingly diverse cord-cutters – wherever they stream content – positions the Company well as its ad-supported streaming business continues to outpace industry trends.[2]

Through its demand-side platform ("DSP") and ad server, Sabio provides targeted campaigns solutions to top agencies and brands by monetizing the Sabio SSP ad slots, as well as via other third-party ad-supported streaming apps.

With its expertise in using mobile device user data for precise audience targeting, the Company is uniquely positioned to provide next-level consumer behavior analytics for a wide range of consumer marketers. To this end, Sabio has established a subsidiary to more broadly commercialize the App Science platform's analytics and validation capabilities.

For the three months ended December 31, 2024, mobile display ad sales were $3,572,801, an increase of $502,921, or 16%, from $ 3,069,880 for the three months ended December 31, 2023, primarily driven by growth in our branded advertising business. Excluding political campaigns, mobile display ad sales grew by 13%.

Twelve-month periods ended December 31, 2024 and 2023.

Consolidated revenues for the year ended December 31, 2024 was a record $49,602,885, an increase of $13,647,951, or 38%, from $35,954,934 for the year ended December 31, 2023. The 38% increase in sales was primarily driven by ad-supported streaming TV ad sales, which represented 78% of Sabio's sales mix for the twelve-month period, compared to 67% in the prior year's period. Mobile display ads accounted for most of the remaining

[2] MNTN Research, "*US CTV Ad Spend Projected to Grow 16.2% in 2024*", https://research.mountain.com/trends/us-ctv-ad-spend-projected-to-grow-16-2-in-2024/

revenues. Political campaigns contributed approximately $7.9 million to consolidated revenues for the year ended December 31, 2024, as compared to $50,000 in the prior year.

By segment, ad-supported streaming sales for the year ended December 31, 2024 increased to $38,579,203, an increase of $14,452,809, or 60%, from $24,126,394 for the year ended December 31, 2023. Normalized for political ad spending, ad-supported streaming sales grew by 29% from 2023, including $1,432,685 contributed by the Company's' new international business, Sabio London Limited. In addition, demand for the App Science platform's unique analytic capabilities continues to increase. For the year ended December 31, 2024, AppScience, Inc. generated $1,916,342 in sales, of which $1,145,234 in sales were to Sabio, and eliminated on consolidation, a 97% increase compared to $972,620 of sales in the same prior year. All campaigns run by Sabio's top U.S. customers during 2024 were powered by the App Science platform, providing the Company's key proprietary differentiator.

For the year ended December 31, 2024, mobile display sales were $10,211,003, a decrease of $877,386, or 8%, from $11,088,389 for the year ended December 31, 2023, as the Company's legacy mobile display customers continued to shift their spend to Sabio's mobile streaming offerings, recognized under the ad-supported streaming revenue category.

Cost of Sales and Gross Margins:

The following table sets out a reconciliation of Gross Profit to Revenue for each of the periods indicated:

	For the three months ended		For the year ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	$	$	**$**	$
Revenues	**18,301,162**	12,671,038	**49,602,885**	35,954,934
Cost of sales	**7,014,407**	4,921,290	**18,975,496**	14,174,632
Gross profit	**11,286,755**	7,749,748	**30,627,389**	21,780,302

Three-month period ended December 31, 2024 and 2023.

Cost of sales consists of purchased ad inventory, production, and technical service costs and fees, in addition to data center, bandwidth, and cloud hosting costs connected to our revenue-producing platforms. For the three months ended December 31, 2024, cost of sales was $7,014,407 compared to $4,921,290 for the three months ended December 31, 2023. The increase of $2,093,117 or 43% was attributable to the revenue growth and cost of sales efficiencies realized during the period. Gross profit margin improved to 62% for the three-months ended December 31, 2024, compared to 61% for the three months ended December 31, 2023, as Sabio continued to leverage its end-to-end technology stack, including the App Science platform's audience segments and analytics, and Sabio SSP ad slots.

Twelve-month periods ended December 31, 2024 and 2023.

For the year ended December 31, 2024, cost of sales was $18,975,496 compared to $14,174,632 for the year ended December 31, 2023. The increase of $4,800,864 or 34% was primarily attributable to the increased revenue during the period. Gross profit margin improved to 62% for the year ended December 31, 2024, compared to 61% for 2023.

Reconciliation of Net income (loss) to Adjusted EBITDA for the three and twelve months ended December 31, 2024, and 2023:

The following table presents a reconciliation of Net income (loss) to Adjusted EBITDA for the periods indicated:

	For the three months ended		For the year ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	$	$	**$**	$
Net income (loss) for the period	**1,194,528**	1,132,414	**(110,875)**	(4,764,536)
Adjustments				
Finance costs	**329,055**	343,207	**1,292,344**	1,049,140
Interest earned	**(7,957)**	(7,514)	**(41,568)**	(7,514)
Amortization of intangible assets	**45,053**	47,127	**193,668**	162,261
Stock-based compensation	**53,129**	253,071	**216,037**	721,285
Loss on loan forgiveness	**935,567**	-	**935,567**	-
Amortization of lease	**148,627**	162,479	**689,255**	605,899
Income taxes	**8,600**	(24,896)	**41,606**	(8,445)
Foreign exchange differences	**7,379**	12,443	**20,151**	16,588
State and local taxes	**1,457**	16,498	**42,340**	59,340
Loss on disposal of intangibles	**-**	6,612	**-**	6,612
Severance expenses	**128,539**	118,771	**553,637**	342,739
Total adjustments	**1,649,449**	927,798	**3,943,037**	2,947,905
Adjusted EBITDA (1)	**2,843,977**	2,060,212	**3,832,162**	(1,816,631)

(1) As defined in "Non-IFRS Measures"

Three-month periods ended December 31, 2024 and 2023.

Adjusted EBITDA for the three-month period ended December 31, 2024, was a profit of $2,843,977, an increase of $783,765, compared to $2,060,212 for the three months ended December 31, 2023. The 38% increase in profit from the prior year's quarter was primarily attributable to increased revenue. Adjusted EBITDA also benefited from several cost and operational efficiency initiatives implemented since the second quarter of 2023 that led to improved operating leverage. For the three months ended December 31, 2024, non-recurring adjustments included:

- A loss on loan forgiveness of $935,567 for Aziz Rahimtoola, the Company's CEO; and
- Severance expenses of $128,539.

Twelve-month periods ended December 31, 2024 and 2023.

Adjusted EBITDA for the year ended December 31, 2024, was a profit of $3,832,162, an increase in the profit of $5,648,793 compared to the loss of $1,816,631 for the year ended December 31, 2023. The increase in profit was primarily attributable to the increased revenue and improved gross margins over the prior year along with several cost and operational efficiency initiatives implemented since the second quarter of 2023 that led to improved operating leverage. For the year ended December 31, 2024, non-recurring adjustments included:

- A loss on loan forgiveness of $935,567 for Aziz Rahimtoola, the Company's CEO; and
- Severance expenses of $553,637.

Operating Expenses:

The following table summarizes various expenses for the three and twelve months ended December 31, 2024, and 2023:

	For the three months ended		For the year ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	$	$	**$**	$
Sales and marketing	**4,519,573**	3,533,817	**14,927,110**	14,030,806
General and administrative	**2,174,762**	1,136,990	**6,101,389**	4,628,717
Occupancy cost	**187,613**	159,299	**672,631**	656,332
Finance costs	**329,055**	343,207	**1,292,344**	1,049,140
Research and technology costs	**1,783,072**	1,006,240	**5,761,481**	4,698,843
Stock-based compensation	**53,129**	253,071	**216,037**	721,285
Amortization of intangible assets	**45,053**	47,127	**193,668**	162,261

Three-month periods ended December 31, 2024 and 2023.

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, benefits, commissions, travel, marketing and payroll taxes for Sabio's sales, marketing, and account management teams. Sales and marketing expenses for the three months ended December 31, 2024, were $4,519,573, an increase of $985,756 or 28% from $3,533,817 for the three months ended December 31, 2023. The year-over-year increase is partially attributed to higher sales commission and bonus accruals relating to the 44% increase in consolidated fourth quarter revenues and record full-year Adjusted EBITDA profitability. The launches of Company's new programmatic, performance and Creator TV offerings, and further investments in the Company's new international business – all of which are expected to contribute to 2025's consolidated revenues - also contributed to the increase.

General and administrative

General and administrative costs include legal and professional fees, employee training, bank charges, contractors, administrative salaries and wages, employee meetings and office supplies. General and administrative costs for the three months ended December 31, 2024, were $2,174,762, an increase of $1,037,772, or 91%, from $1,136,990 in the same quarter of the prior year. The increase was partially attributed to non-recurring legal and professional fees related to the launches of the Company's new programmatic, performance and Creator TV offerings, in addition to the Company's international expansion. Year-end bonus accruals recognized in the quarter, triggered in part by the Company's record full-year Adjusted EBITDA profitability, also contributed to the increase. Salaries and wages, a component of general and administrative costs, increased by a modest 13% compared to the prior year's period.

Occupancy

Occupancy costs include short-term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the three months ended December 31, 2024, were $187,613, an increase of $28,314 or 18% from $159,299 in the same quarter of the prior year.

Finance

Finance costs for the three months ended December 31, 2024, were $329,055, a decrease of $14,152 or 4% from $343,207 for the comparable period in 2023.

As at December 31, 2024, the company had an outstanding loan balance of $5,219,387 under an accounts receivable line of credit with SLR Digital Finance, a decrease of $1,851,257, from the balance of $7,070,644 as at December 31, 2023 under the previous accounts receivable line of credit with Avidbank, as the Company used free cash flow generated by its operations to reduce its debt load.

Research and technology

Research and technology costs consist of all costs associated with studies and uncapitalized development processes in connection with maintaining and increasing the effectiveness and efficiency of Sabio's technology platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, costs associated with housing computer equipment and technologies, and data and analytics costs. Research and technology costs for the three months ended December 31, 2024, were $1,783,072, an increase of $776,832, or 77%, from $1,006,240 compared to the same period in the prior year. The increase was due in part to increased infrastructure costs driven by the continued growth in the Company's business activities, new Sabio SSP direct supply integrations, and year-end bonus accruals triggered in part by the Company's record full-year Adjusted EBITDA profitability. Salaries and wages as a component of research and technology costs increased by 19% compared to the prior year's period.

Stock-based compensation

The Company uses its Omnibus Equity Incentive Plan for employee compensation, retention, and incentives. Stock-based compensation for the three months ended December 31, 2024, was $53,129, a decrease of $199,942 or 79% from $253,071 in the same period of the prior year. As Management continues to believe public stock market valuations do not reflect the true intrinsic value of the Company, Sabio reduced the issuance of new equity awards to avoid shareholder dilution at unfavorable prices. Stock-based compensation granted in the quarter was related to executive and non-executive compensation in the ordinary course of business.

Twelve-month periods ended December 31, 2024 and 2023.

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, benefits, commissions, travel, marketing and payroll taxes for its sales, marketing, and account management teams. Sales and marketing expenses for the year ended December 31, 2024, were $14,927,110, a modest increase of $896,304, or 6%, from $14,030,806 in the prior year. Higher sales commission and bonus accruals relating to increased sales and profitability, in addition to the roll-out of new product launches and investments in international expansion, were substantially funded through operational efficiency initiatives. This targeted reallocation of resources continues to drive double-digit growth and market share gains in the ad-supported streaming business.

General and administrative

General and administrative costs include legal and professional fees, employee training, bank charges, contractors, and administrative salaries and wages, employee meetings and office supplies. General and administrative costs for the year ended December 31, 2024, were $6,101,389, an increase of $1,472,672, or 32%, from $4,628,717 in the same period of the prior year. The increase was primarily attributed to bonus accruals recognized during the period, triggered in part by the Company's record full-year Adjusted EBITDA profitability. When normalized for bonuses, general and administrative expenses increased by 17% compared with the prior year. The increase was partially attributed to non-recurring legal and professional fees related to the launches of the Company's new programmatic, performance and Creator TV offerings, in addition to the Company's continued international expansion.

Occupancy

Occupancy costs include short-term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the year ended December 31, 2024, were $672,631, an increase of $16,299, or 2%, from $656,332 of the prior year.

Finance

Finance costs for the year ended December 31, 2024, were $1,292,344, an increase of $243,204, or 23%, from $1,049,140 compared to the same period of the prior year. The increase was primarily attributable to the full year interest incurred on the Company's convertible notes closed on August 16, 2023, for total gross proceeds of $1,289,380 (CAD$1,737,850) bearing interest at the rate of 14% per annum.

Research and technology

Research and technology costs consist of all costs associated with studies and uncapitalized development processes in connection with maintaining and increasing the effectiveness and efficiency of Sabio's technological platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, and costs associated with housing the required computer equipment and technologies. Research and technology costs for the year ended December 31, 2024, were $5,761,481, an increase of $1,062,638, or 23%, from $4,698,843 compared to the same period of the prior year. The increase was primarily attributable to bonus accruals recognized during the period, triggered in part by the Company's record full-year Adjusted EBITDA profitability. When normalized for bonuses, research and technology costs increased by 8% compared with the prior year as increases in infrastructure costs, driven by the continued growth in the Company's business activities, were offset through cost and operational efficiency initiatives.

Stock-based compensation

The Company uses stock-based compensation as a means for employee compensation, retention, and incentives. Stock-based compensation for the year ended December 31, 2024, was $216,037, a decrease of $505,248, or 70%, from $721,285 in the prior year. As Management continues to believe public stock market valuations do not reflect the true intrinsic value of the Company, Sabio reduced the issuance of new equity awards to avoid shareholder dilution at unfavorable prices. Stock-based compensation granted in fiscal 2024 year was related to executive and non-executive compensation in the ordinary course of business.

Research and Development Expenditures:

Research and development expenses consist of certain remunerations paid to engineering personnel. Development costs that meet the criteria under IAS 38 Intangible Assets are capitalized as Intangible Assets. Deferred development costs have finite lives and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

During the three months ended December 31, 2024, the Company capitalized $27,343 to Intangible Assets, compared to $65,067 in the comparable period in fiscal 2023. During the year ended December 31, 2024, the Company capitalized $102,861 to Intangible Assets, compared to $165,746 in fiscal 2023.

During the three months ended December 31, 2024, the Company amortized a total of $31,774 in development expenses, compared to $32,504 in the comparable period in fiscal 2023. During the year ended December 31, 2024, the Company amortized a total of $140,551 in development expenses, compared to $107,351 in fiscal 2023.

OUTLOOK

Sabio achieved record revenues and profits in the fourth quarter and full-year 2024. Normalized for political advertising sales, the Company's ad-supported streaming business grew by 29% during the year, underscoring Sabio's ability to increase its market share by outpacing the 16% growth in the ad-supported streaming market[3]. The shift to a streaming sales model from a mobile display-dependent model has delivered multiple benefits, including a robust 39% compound annual growth rate (CAGR) since 2020, increased customer retention (a 90% reoccurring revenue rate[4]), as well as substantial cost efficiencies. These efficiencies, including economies of scale, are driving continuing gains in operating leverage, culminating in Sabio's highest Adjusted EBITDA profit ($3.8 million) and Adjusted EBITDA margins (8%) as a public company.

As the Company's operating infrastructure becomes more efficient, its sales model is becoming increasingly predictable. This predictability helps Sabio derisk its revenue model, as supported by:

- High rates of reoccurring revenue, with 90%[3] of 2024 consolidated revenues, excluding political ad sales, coming from repeat customers (compared to 76% in 2023), driven by the App Science platform's growing capabilities and richer data set;
- An increased customer-spend capture, with 70% of Sabio's existing top brands increasing their spend in 2024 compared to 2023;
- The ongoing addition of top-tier clients – 41% of the brands spending in 2024 were new to Sabio; and
- The most diversified vertical revenue mix in Sabio's history.

The Company is beginning to apply its sales model to geographies outside the United States, including the United Kingdom, which is already demonstrating significant potential with first full-year revenues of $1.4 million in 2024. Sabio's early traction in international markets positions the Company for greater sales growth over time.

[3] MNTN Research, "*US CTV Ad Spend Projected to Grow 16.2% in 2024*", https://research.mountain.com/trends/us-ctv-ad-spend-projected-to-grow-16-2-in-2024/

[4] Excluding Sabio's new international business, Sabio London Limited, which generated its first material revenues in 2024.

Additionally, Sabio continues to expand on its global product offerings to complement its existing customer base and revenue channels. The Company's recent announcement launching Creator TV is an example of how Sabio can monetize its owned & operated media ecosystem, from ad-supported streaming, audience analytics and segments (reaching over 70% of U.S streaming households), to content placement, while fostering a creator-led streaming platform. This level of diversity and control enables Sabio's Fortune 100 brands to connect directly with a highly engaged streaming audience that's simply not offered by Sabio's traditional competitors.

Finally, the Company has been focused on capturing operational efficiencies to provide a more sustainable and profitable growth platform. Today, Sabio is armed with a stronger balance sheet that reflects a healthier cash reserve and a materially reduced debt load. Complemented by a more predictable sales model, increased product channels, and greater geographical reach, Sabio expects continued sustainable growth in 2025, with first-quarter visibility indicating double-digit growth.

Summary of Quarterly Results

The following unaudited table sets out selected financial information for the Company on a consolidated basis for the last eight most recently completed quarters.

	Dec 31, 2024	Sep 30, 2024	June 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	June 30, 2023	March 31, 2023
Revenue	18,301,162	16,052,759	8,897,431	6,351,533	12,671,038	8,814,642	7,987,682	6,481,572
Net Income (Loss)	1,194,528	1,749,633	(1,042,929)	(2,012,107)	1,132,414	(738,411)	(2,378,891)	(2,779,648)
Assets	23,110,312	19,962,987	15,875,407	14,861,763	20,181,393	16,374,906	15,180,650	14,756,666
Liabilities	24,081,959	22,159,200	19,886,480	17,892,887	21,262,110	19,223,875	17,584,489	14,971,383
Basic EPS	0.02	0.03	(0.02)	(0.04)	0.02	(0.02)	(0.05)	(0.06)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

Sabio intends to use its operating income and funds on hand to meet funding requirements for the development and commercialization of its products and services, based on anticipated market demand and working capital purposes. Actual funding requirements will vary depending on a variety of factors, including Sabio's success in executing its business plan, the progress of research and development efforts, commercial sales, and the Company's ability to manage working capital requirements.

While Sabio currently has sufficient operating capital to meet its day-to-day operating expenses, it is possible that the Company could experience a working capital deficiency in the future, which would have a materially adverse effect on its liquidity. If future cash flows from operations are lower than expected, the Company may need to seek additional financing, either by issuing additional equity or by undertaking additional debt. If it raises additional funds by issuing equity or equity-linked securities, the ownership of existing stockholders will be diluted. If it raises additional financing by incurring additional indebtedness, Sabio may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on its ability to incur further debt, and other operating restrictions that could adversely impact the Company's ability to conduct its business. Any further indebtedness may result in terms that could be unfavorable to equity investors. Furthermore,

there is no certainty that additional financing, whether debt or equity, will be available or that it will be available on attractive terms.

On July 31, 2024, the credit facility with Avidbank was replaced by a three-year credit facility between the Company and SLR Digital Finance. The new credit facility provides for a $10 million senior-secured revolving credit facility at an interest rate of the greater of: (i) Prime rate plus 2.15%, or (ii) 8.5%, and is secured against all assets of the Company.

As of December 31, 2024, the Company had cash of $3,300,439 as compared to $2,612,112 as at December 31, 2023, to settle current liabilities of $22,377,617 (December 31, 2023 - $17,744,528). The Company ended the year with a net working capital deficit of $3,800,993, compared to a net working capital deficit of $3,095,365 at December 31, 2023. Included in the working capital deficit is the Company's revolving credit facility with SLR Digital Finance, with a balance at year-end of $5,219,387. Outstanding balances under the revolving facility are classified in full as a current liability, though Management believes the facility in substance provides long-term stability through its multi-year term.

On August 16, 2023, the Company entered into agreement for issue of secured convertible notes (the "secured notes") and unsecured convertible notes (the "unsecured notes", and together with the "secured notes", the "notes") to raise aggregate gross proceeds of $1,289,380 (CAD $1,737,850), which comprises the issuance of secured notes in the aggregate principal amount of $890,328 (CAD $1,200,000) and unsecured notes in the aggregate principal amount of $399,052 (CAD $537,850). The notes have a maturity date of August 16, 2025. The notes will be convertible, in whole or in part, at the option of the holder, into common shares of the Company at a price of CAD $1.00 per common share at any time before or on the maturity date. The secured notes bear interest at the rate of 14% per annum payable semi-annually in arrears in cash or common shares at the option of the Company. They are secured against the Company's accounts receivable, deposit account, intellectual property (including general intangibles), notes receivable and other assets, as more particularly described in its security agreement with Pathfinder Asset Management Ltd., the lead investor acting as collateral agent for the benefit of itself and for the other secured note holders. These security interests are structurally subordinated to the first lien security interest, formerly held by Avidbank and now held by SLR Digital Finance. The Company may, at any time, prepay all or part of the principal amount of the secured notes plus accrued and unpaid interest without penalty or bonus, except for the case of repayment within the twelve months following the issue date, the holder will be entitled to receive a repayment amount that is equal to the principal amount and interest calculated for a period of twelve months from the issue date. The unsecured notes bear interest at the rate of 14% per annum payable monthly in cash. The Company may prepay the unsecured notes issued at any time after twelve months from the issuance date.

Below is a summary of cash provided by (used in) operating, investing, and financing activities for the periods indicated:

	For the year ended	
	December 31, 2024	December 31, 2023
	$	$
Cash flows from (used in) operating activities	**3,773,029**	(4,972,199)
Cash flows used in investing activities	**(102,861)**	(165,746)
Cash flows (used in) from financing activities	**(2,981,841)**	3,750,655
Net increase (decrease) in cash	**688,327**	(1,387,290)
Cash, beginning of year	**2,612,112**	3,999,402
Cash, end of year	**3,300,439**	2,612,112

Cash provided by (used in) operating activities:

Operating activities generated $3,773,029 in cash for the twelve months ended December 31, 2024, which primarily resulted from $110,875 in net losses, which were offset by $1,548,275 attributable to movements in non-cash working capital and $2,335,629 of non-cash adjustments. The increase in accounts receivable and accounts payable and accrued liabilities was the primary contributor to the movements in non-cash working capital.

Cash provided by (used in) investing activities:

For year ended December 31, 2024, cash used in investing activities was $102,861, which consisted of development costs related to internally generated intangible assets, compared to cash used for development costs of $165,746 for the year ended December 31, 2023.

Cash provided by (used in) financing activities:

Cash used in financing activities for the year ended December 31, 2024, was $2,981,841, which was primarily due to the Company's:

- Use of the $1,851,257 cash generated from its operations to reduce the principal balance under its credit facility with SLR Digital Finance to $5,219,387 from $7,070,644 on its previous credit facility with Avidbank;
- Repayment of $50,000 in principal on its U.S. Small Business Administration promissory note; and
- Payments of $917,303 toward its lease liabilities.

Security-based Compensation:

On June 29, 2022, shareholders of the Company approved a replacement Omnibus Equity Incentive Plan. Under the plan, the Company issues security-based compensation, including options and restricted stock units.

Stock Options:

As at December 31, 2024, the Company was entitled to issue a maximum of 5,054,949 share options outstanding under the Omnibus Equity Incentive Plan, compared to 5,007,058 as at December 31, 2023.

The following table summarizes the continuity of stock options issued by the Company under the Omnibus Equity Incentive Plan:

Measurement date	Number of Options	Weighted average exercise price
	#	$
Balance, December 31, 2022	3,144,081	0.55
Granted	417,500	0.64
Exercised	(466,408)	0.12
Forfeited	(253,442)	0.61
Balance, December 31, 2023	2,841,731	0.63
Granted	350,000	0.24
Exercised	(33,359)	0.17
Forfeited	(652,207)	0.66
Balance, December 31, 2024	**2,506,165**	**0.57**

Restricted Stock Units:

As at December 31, 2024, the Company was entitled to issue a maximum of 4,550,993 other security-based awards (including RSUs) outstanding under the Omnibus Equity Incentive Plan. The following table summarizes the continuity of RSUs issued by the Company under the Omnibus Equity Incentive Plan:

Measurement date	Number of RSUs	Weighted average grant price
	#	$
Balance, December 31, 2022	657,313	0.65
Granted	625,793	0.54
Forfeited	(128,907)	0.58
Vested and redeemed	(375,572)	0.63
Balance, December 31, 2023	778,627	0.59
Granted	320,585	0.36
Forfeited	(131,668)	0.74
Vested and redeemed	(479,548)	0.49
Balance, December 31, 2024	**487,996**	**0.49**

Warrants:

There were no warrants issued during the year ended December 31, 2024. A summary of changes in warrants during the years ended December 31, 2024, and 2023, is as follows:

Measurement date	Number of Warrants	Weighted average exercise price
	#	$
Balance, December 31, 2022	4,178,188	0.57
Exercised	(2,804,702)	0.17
Expired	(1,373,486)	1.39
Balance, December 31, 2023 and December 31, 2024	**-**	**-**

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities for the financial liabilities as at December 31, 2024:

December 31, 2024	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	**15,424,579**	15,424,579	-	-	-
Lease liability	**2,176,107**	644,687	1,057,760	473,660	-
Loans payable	**6,855,377**	6,415,377	22,359	29,060	388,581
	24,456,063	22,484,643	1,080,119	502,720	388,581

The following are the contractual maturities for the financial liabilities as at December 31, 2023:

December 31, 2023	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	**9,981,464**	9,981,464	-	-	-
Lease liability	**3,215,993**	918,539	1,277,365	1,020,089	-
Loans payable	**8,763,493**	7,075,392	1,226,702	25,707	435,692
	21,960,950	17,975,395	2,504,067	1,045,796	435,692

The loans payable balance as at December 31, 2024 includes:

(i) $5,219,387 outstanding under the credit facility with SLR Digital Finance, which replaced the previous facility with Avidbank on July 31, 2024. This new credit facility provides for a three-year US$10 million senior-secured revolving credit facility at an interest rate of the greater of: (i) Prime rate plus 2.15%, or (ii) 8.5%, and is secured against all assets of the Company.

(ii) Secured convertible notes (the "secured notes") in the aggregate principal of CAD $1,200,000 and unsecured convertible notes for aggregate gross proceeds of CAD$537,850 for total gross proceeds (the "unsecured notes" and together with the "secured notes", the "notes") of CAD $1,737,850 that the Company closed on August 16, 2023, through a non-brokered private placement financing. The notes will mature on August 16, 2025. The notes will be convertible in whole or in part, at the option of the holder, into common shares in the capital of the Company ("common shares") at a price of CAD $1.00 ("conversion price") per common share at any time before or on the maturity date. The unsecured notes bear an annual 14% interest rate payable as of the maturity date, except that: (i) the interest on the unsecured note issued to Mr. Aziz Rahimtoola – the Company's CEO - will be payable monthly; and (ii) the Company may prepay the unsecured note issued to Mr. Aziz Rahimtoola any time after twelve months from the issuance. The secured notes bear an annual 14% interest rate payable semi-annually in arrears in cash or common shares at the option of the Company and are secured against all personal property and assets of the Company. The security interests are structurally subordinated to the first lien security interest, formerly held by Avidbank and now held by SLR Digital Finance. The secured notes can be prepaid in all or a part of the principal plus accrued and unpaid interest without penalty or bonus, except for the case of repayment within the twelve months following the issue date, when the holder will be entitled to receive a repayment amount that is equal to the principal amount and interest calculated for a period of twelve months from the issue date. The carrying amount of the convertible notes as of December 31, 2024 was $1,195,990.

COMMITMENTS

On August 8, 2022, the Company entered a lease for an office in Hyderabad, India with Gowra Ventures (P) Ltd with the assured period of five years from the rent commencement date. The lease contains non-lease components for maintenance charges and usage charges amounting to $273,253 (INR 22,589,800) for the assured period.

On March 17, 2023, the Company entered a lease for a new office in Playa del Rey, California for 67 months with Culver Studio Partners LLC. The lease contains non-lease components for maintenance charges and usage charges amounting to $548,097 for the 67-month term.

The future minimum commitment for these contracts, excluding lease payments identified in Note 9, as at December 31, 2024 is as follows:

Within one year	$	150,143
Less than one year and not longer than five years		407,084
Thereafter		-
	$	**557,227**

RELATED PARTY TRANSACTIONS

During the year, the Company provided additional advances totaling $148,460 to Aziz Rahimtoola, Sabio's CEO, bringing the total non-interest-bearing advance, receivable on demand from Aziz Rahimtoola to $935,567. The total balance was forgiven as incremental incentive compensation for Aziz Rahimtoola to acknowledge the three years in the 2019 -2021 period when Aziz Rahimtoola received irregular/ reduced compensation from the Company, and recognize his funding of the Company in its early stages and his stewardship of the Company since going public. Aziz Rahimtoola is the Company's largest shareholder.

As of December 31, 2024, the related party loan balances include a loan principal plus interest of $62,156 ($61,556 as at December 31, 2023), with the interest rate of 1% per annum receivable from Simon Wong, an Officer of the Company. During the second quarter of 2023, the loan was extended for two (2) additional years and is due on July 15, 2025.

On August 16, 2023, the Company entered into an agreement for the issuance of secured convertible notes and unsecured convertible notes. As a part of this offering, Aziz Rahimtoola, Sabio's CEO, subscribed for an unsecured note in the aggregate principal amount of $399,052 (CAD $537,850). The unsecured notes will be convertible in whole or in part, at the option of the holder, into common shares of the Company at a price of CAD$1.00 per common share at any time before or on the maturity date. The unsecured notes bear interest at the rate of 14% per annum payable monthly in cash. The Company may prepay the unsecured notes issued at any time after twelve months from the issuance. At the date of issue, $314,767 (net of transaction costs of $12,757) was classified as a liability component and $71,528 was classified as equity component. The balance of the unsecured convertible note due to Aziz Rahimtoola as at December 31, 2024 classified as a liability component was $329,331 and classified as an equity component was $71,528.

On November 20, 2023, several arrangements were agreed to between the Company and certain Canadian parties, including Liam Farrell – a related party - for exercising an aggregate of 2,804,702 share purchase warrants (including 182,136 share purchase warrants held by Liam Farrell) at an exercise price of CAD$0.21 ($0.17). The share purchase warrants were originally issued by the Company on January 11, 2021. These arrangements include the provision of promissory notes between the Company and warrant holders. As at December 31, 2024, the balance of promissory note due from Liam Farrell, including accrued interest, was $28,755.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any material off-balance sheet arrangements.

ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. Significant assumptions and estimates used in preparing the financial statements include those related to credit quality of accounts receivable, income tax credits receivable, share-based payment transactions, capitalization and amortization of internally generated development costs, impairment tests for non-financial assets, as well as revenue and cost recognition. Sabio bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived from different judgments or using different assumptions or estimates, and events may occur that could require a material adjustment. Material accounting policies and estimates under IFRS are found in Note 2 and Note 3 of the Company's Consolidated Financial Statements.

CHANGES IN ACCOUNTING POLICIES

For the year ended December 31, 2024, the Company adopted several amendments for the first time, but the adopted amendments do not have a material impact on the Consolidated Financial Statements. Sabio's material accounting policies are provided in Note 2 of the Consolidated Financial Statements.

INTERNAL CONTROLS

Effective internal controls are necessary for Sabio to provide reliable financial reports and to help prevent fraud. Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to Sabio's CEO and by others within those entities on a timely basis, particularly during the period in which the annual filings are being prepared, so that appropriate decisions can be made regarding public disclosure.

An evaluation of the adequacy of the design and effective operation of the Company's disclosure controls and procedures was conducted under the supervision of management, including Sabio's CEO, as at December 31, 2024. Based on that evaluation, the CEO concluded that the design and operation of the system of disclosure controls and procedures were adequate as at December 31, 2024.

There have been no changes to Sabio's internal controls over financial reporting during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, Sabio's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

As at December 31, 2024, there were (i) 50,549,485 common shares issued and outstanding, (ii) 2,506,165 stock options outstanding with a weighted average exercise price per common share of $0.57 and a weighted average

contractual life of 7.22 years, (iii) 487,996 RSUs outstanding with a weighted average grant price of $0.49 and a weighted average contractual life of 0.90 years, and (iv) 5,500 treasury shares pending cancellation, with an average purchase price of $0.33. As at December 31, 2023, there were (i) 50,070,578 common shares issued and outstanding, (ii) 2,841,731 stock options outstanding with a weighted average exercise price per common share of $0.63 and a weighted average contractual life of 7.78 years, and (iii) 778,627 RSUs outstanding with a weighted average grant price of $0.59 and a weighted average contractual life of 1.64 years.

During the year ended December 31, 2024, the Company repurchased a total of 39,500 shares under the Normal Course Issuer Bid, approved by the TSX Venture Exchange on March 26, 2024, at a total cost of CAD $18,895 ($13,560). These shares were purchased at a price ranging from CAD $0.42 to CAD $0.50 per share ($0.30 to $0.36). Of these shares, 2,500 shares were canceled on October 2, 2024, 19,500 shares were canceled on November 4, 2024, 12,000 shares were canceled on December 2, 2024, and 5,500 shares were subsequently canceled on January 3, 2025.

RISK FACTORS

Sabio is exposed to a variety of business, financial and industry risks in the normal course of operations. A detailed description of risk factors associated with the Company's business is given in the "Risk Factors" section of the Annual Information Form for the year ended December 31, 2024, which is available under the Company's profile on SEDAR+ at sedarplus.ca

SUBSEQUENT EVENTS

On March 3, 2025, the Company entered into a new office lease on the second floor of 10 Crosby (also known as 444 Broadway), New York with Madison Capital Madison 444 Realty LLC. The lease commences on April 1, 2025 and expires on June 30, 2028. The total lease payments over the term amount to $1,476,992, including non-lease components for maintenance and usage charges.